

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0505-01
Bill No.: HJR 9
Subject: Constitutional Amendments; Taxation and Revenue - Property; Military Affairs
Type: Original
Date: January 20, 2015

Bill Summary: This proposal authorizes an exemption from property tax for certain property of active-duty military personnel stationed outside the country.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0
Total Estimated Net Effect on General Revenue	\$0 or (More than \$7,100,000)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Blind Pension Fund	\$0	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0 or (Less than \$100,000)	\$0 or (Less than \$100,000)

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Tax Commission**, the **Department of Public Safety - Missouri National Guard** and **Department of Revenue** each assume the current proposal would not fiscally impact their respective agencies.

Officials at the **Office of the Secretary of State (SOS)** assume each year, a number of joint resolutions that would refer to a vote of the people a constitutional amendment and bills that would refer to a vote of the people the statutory issue in the legislation may be considered by the General Assembly. SOS is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Constitution and §§116.230-116.290, RSMo. SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2013, at the August and November elections, there were 5 statewide Constitutional Amendments or ballot propositions that cost \$2.17 million to publish (an average of \$434,000 per issue). Therefore, the Secretary of State's Office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

Unless a special election is called for the purpose, Joint Resolutions proposing a constitutional amendment are submitted to a vote of the people at the next general election. Article XII section 2(b) of the Missouri Constitution authorizes the governor to order a special election for constitutional amendments referred to the people. If a special election is called to submit a Joint Resolution to a vote of the people, §115.063.2, RSMo requires the state to pay the costs. The cost of the special election has been estimated to be \$7.1 million based on the cost of the 2012 Presidential Preference Primary and a cost determined by Legislative Oversight.

Oversight has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this joint resolution voted on during a special election in fiscal year 2016. This reflects the decision made by the Joint Committee on Legislative Research, that

ASSUMPTION (continued)

the cost of the elections should be shown in the fiscal note. The next scheduled statewide primary election is in August 2016, and the next scheduled general election is in November 2016 (FY 2017). It is assumed the subject within this proposal could be on either of those ballots; however, it could also be on a special election called for by the Governor. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2016.

Oversight notes the legislation would propose a constitutional amendment to be submitted to the voters. Oversight assumes the amendment would likely be voted on at the November 2016 general election and be effective for calendar 2017, if approved. Therefore, this could reduce personal property tax receipts in December 2017, or FY 2018. An exemption from taxation and resulting revenue loss to the state and local taxing authorities would result from passage of the constitutional amendment. Oversight will indicate a loss of tax revenue of \$0 or (Less than \$100,000) to Local Political Subdivisions and the Blind Pension Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
GENERAL REVENUE			
<u>Transfer Out</u> - Secretary of State - reimbursement of local election authority election costs if a special election is called by the Governor	\$0 or (<u>More than</u> <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	\$0 or (<u>More than</u> <u>\$7,100,000</u>)	<u>\$0</u>	<u>\$0</u>

BLIND PENSION FUND

<u>Revenue reduction</u> - Personal property tax exemption	\$0 or (<u>Less than</u> <u>\$0</u> <u>\$100,000</u>)	\$0 or (<u>Less than</u> <u>\$0</u> <u>\$100,000</u>)
ESTIMATED NET EFFECT ON BLIND PENSION FUND	<u>\$0</u> <u>\$0 or (Less than \$100,000)</u>	<u>\$0 or (Less than \$100,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
LOCAL POLITICAL SUBDIVISIONS			
<u>Transfer In</u> - Local election authorities - Reimbursement of election costs	\$0 or More than \$7,100,000	<u>\$0</u>	<u>\$0</u>
<u>Cost</u> - Local election authorities - election costs	\$0 or (More than \$7,100,000)	<u>\$0</u>	<u>\$0</u>
<u>Revenue reduction</u> - Cities and Counties - Personal property tax exemption	<u>\$0</u>	<u>\$0 or (Less than \$100,000)</u>	<u>\$0 or (Less than \$100,000)</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	<u>\$0 or (Less than \$100,000)</u>	<u>\$0 or (Less than \$100,000)</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

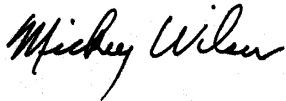
FISCAL DESCRIPTION

Upon voter approval, this proposed constitutional amendment authorizes an exemption from property tax for an active-duty, military person's personal property that is not in use while he or she is stationed outside the country.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Secretary of State
Department of Public Safety - Missouri National Guard
State Tax Commission
Department of Revenue

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 20, 2015

Ross Strobe
Assistant Director
January 20, 2015